

_____ BILL NO. _____

INTRODUCED BY _____
(Primary Sponsor)

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A SCHOOL DISTRICT TO ENTER INTO CONTRACTS WITH NONPROFIT ORGANIZATIONS FOR FUNDING PERFORMING ARTS FACILITIES AND TO ISSUE GENERAL OBLIGATION BONDS TO PAY FOR THE DISTRICT'S COSTS; AMENDING SECTIONS 20-9-403, 20-9-404, AND 20-9-405, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 20-9-403, MCA, is amended to read:

"20-9-403. Bond issues for certain purposes. (1) The trustees of a school district may issue and negotiate general obligation bonds or impact aid bonds of the school district for the purpose of:

(a) building, altering, repairing, buying, furnishing, equipping, purchasing lands for, or obtaining a water supply for a school, teacherage, dormitory, gymnasium, other building, or combination of buildings for school purposes;

(b) buying a school bus or buses;

(c) providing the necessary money to redeem matured bonds, maturing bonds, or coupons appurtenant to bonds when there is not sufficient money to redeem them;

(d) providing the necessary money to redeem optional or redeemable bonds when it is for the best interest of the school district to issue refunding bonds;

(e) funding a judgment against the district, including the repayment of tax protests lost by the district; ~~or~~

(f) funding a debt service reserve account that may be required for impact aid revenue bonds; or

(g) funding all or a portion of the school district's costs of a facility to be jointly owned with another school district or political subdivision or a nonprofit organization, which would provide classrooms, practice rooms, or performing arts facilities to be used by the school district in its music, theater, or dance activities or other activities related to the performing arts.

(2) Money realized from the sale of bonds issued on the credit of a high school district may not be used for any of the purposes listed in subsection (1) in an elementary school district, and the money may be used for any of the purposes listed in subsection (1) for a junior high school but only to the extent that the 9th grade of the

1 high school is served.

2 (3) In determining whether to issue bonds to fund a share of a jointly owned facility as described in
3 subsection (1)(g), the trustees shall take into consideration the following factors in addition to other factors they
4 consider relevant:

5 (a) the adequacy of the school district's existing facilities for these uses;

6 (b) the estimated capital, operating, and maintenance costs of providing similar performing arts facilities
7 at existing or proposed school district facilities;

8 (c) the extent of proposed use of the facility by the school district students and faculty;

9 (d) the total estimated capital costs of the facility; and

10 (e) the school district's share of the estimated operation and maintenance costs of the facility and
11 whether the school district's current operating budget is sufficient to pay these costs."

12
13 **Section 2.** Section 20-9-404, MCA, is amended to read:

14 **"20-9-404. Contracts and bonds for joint construction.** (1) The trustees of a school district may enter
15 into a contract with the trustees of any school district within the county, with any school district in an adjoining
16 county, with the governing body of another political subdivision within the county in which the school district is
17 located, ~~or~~ with the governing body of a political subdivision of a county adjoining the school district, or with a
18 nonprofit organization to provide for the joint construction of a facility upon terms and conditions mutually agreed
19 upon between the ~~districts~~ parties.

20 (2) The trustees of any district executing a contract in accordance with this section may, subject to
21 15-10-420, levy taxes and issue bonds for the purpose of constructing the facilities authorized by 20-9-403 and
22 this section.

23 (3) Any facility financed in whole or in part by the proceeds of school district bonds is considered a public
24 works project subject to Title 18, chapter 2. If the other joint owner of the facility has retained an architect for the
25 facility and the architect is certified as provided in 18-2-113 and is acceptable to the school district, the school
26 district is not required to engage a separate architect. All plans and specifications for the facility must be
27 approved by the trustees of the school district."

28
29 **Section 3.** Section 20-9-405, MCA, is amended to read:

30 **"20-9-405. Proportional joint ownership -- disposition of money -- contract.** (1) The facility

constructed under 20-9-404 must be jointly owned by the school districts, ~~or other political subdivisions, or~~
nonprofit organizations that contribute ~~contributing~~ to its acquisition or construction, with the ownership interest
determined in proportion to the contribution, of each ~~political subdivision party~~. The sale or other disposition of
a district's interest in the facility must be made in accordance with 20-6-604. Money received from the sale or
disposition of a district's interest in a facility must be credited to the debt service fund, building fund, general fund,
or any combination of these three funds, at the discretion of the trustees.

(2) As joint owners, school districts, other political subdivisions, nonprofit organizations, or any
combination of these entities may enter into one or more contracts governing the terms and conditions of joint
ownership of the facility constructed under 20-9-404 and matters incidental to ownership, including the disposition
of ownership interests and the management, use, operation, and maintenance of the facility. The ownership
contract may provide that a nonprofit organization may mortgage or assign its ownership interest in the facility.
However, a school district or other political subdivision may not mortgage or otherwise subject its ownership
interest in the facility to a lien. School districts may also enter into contracts with other entities regarding the
management, use, operation, and maintenance of the jointly owned facility.

(3) Prior to the issuance of school district bonds for the purpose of funding a portion of the costs of a
facility to be jointly owned with a nonprofit organization, the trustees shall:

(a) form a reasonable expectation, based on information provided by the nonprofit organization, that the
nonprofit organization can pay or finance its share of the capital costs and projected ongoing operation and
maintenance costs of the facility from its own funds, borrowed funds, or revenue of the facility available to it; and

(b) enter into a contract with the nonprofit organization relating to the operation and maintenance of the
facility during the term of the bonds. If the school district is to pay a portion of the facility's operation and
maintenance costs, it may not pay these costs in excess of its share of use of the facility.

(4) At or before the time of entering a contract regarding the operation and maintenance of a facility, the
trustees shall find that the then-existing operating budget of the school district covers the projected annual costs
of the operation and maintenance of the facility, if any, to be paid by the school district."

NEW SECTION. Section 4. Effective date. [This act] is effective on passage and approval.

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